

HOUSE BILL 1429

By Halford

AN ACT to amend Chapter 504 of the Private Acts of 1954; as amended by Chapter 182 of the Private Acts of 1981; Chapter 82 of the Private Acts of 1981; Chapter 234 of the Private Acts of 1984; Chapter 138 of the Private Acts of 1991; Chapter 136 of the Private Acts of 1994; Chapter 17 of the Private Acts of 1997 and Chapter 62 of the Private Acts of 2001; and any other acts amendatory thereto, relative to the Milan Special School District.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. The Milan Special School District, located in Gibson County, Tennessee (the "District"), created by Chapter 504 of the Private Acts of 1945, as amended by Chapters 82 and 182 of the Private Acts of 1981, Chapter 234 of the Private Acts of 1984, Chapter 138 of the Private Acts of 1991, Chapter 136 of the Private Acts of 1994, Chapter 17 of the Private Acts of 1997, Chapter 62 of the Private Acts of 2001, and all other Acts amendatory thereto, is hereby authorized to borrow money by issuing its bonds and notes in the manner provided below:

(a) The District is hereby authorized and empowered to issue and sell, by resolution of its Board, bonds and/or notes for the purpose of providing funds:

(i) For the acquisition of land and site preparation for and the construction, improvement, renovation, expansion, furnishing, fixturing and equipping of school buildings and facilities, and additions thereto, in and for the District, including the purchase of all property, real and personal, or interests therein, necessary in connection with said work;

(ii) For the funding of all accounts and funds necessary and proper in connection with the issuance and sale of the bonds and notes as the Board shall determine;

(iii) For the payment of interest on the bonds and notes during the period of construction and for six (6) months thereafter; and

(iv) For the payment of all legal, fiscal, administrative, architectural, engineering, accounting and similar professional and other costs incident thereto and to the issuance and sale of the bonds and notes. The maximum principal amount of bonds and/or notes authorized to be issued shall not be limited in amount except that the Board shall determine, in connection with the authorization of any bonds and/or notes, that the taxes and other revenues authorized to be pledged to pay the principal of and interest on the bonds and/or notes shall be adequate to pay the principal of and interest on any bonds and/or notes issued by the District. No public referendum or election of the voters of the District shall be necessary in order for the District to issue and sell the bonds and/or notes authorized pursuant to this subsection.

(b) The bonds and notes may be sold at public or private sale in one (1) or more series, may bear such date or dates, shall mature at such time or times, not exceeding thirty-five (35) years from their respective dated dates with respect to any series of bonds and twelve (12) years with respect to any series of notes, may bear interest at a zero (0) rate or at such other rate or rates not to exceed the maximum rate permitted by Tennessee law (which may vary from time to time), may be payable at such time or times, may be in such denominations, may carry such registration and conversion privileges, may be executed in such manner, may be payable in such medium of payment at such place or places, may be subject to such terms of redemption, with or without premium and may provide for the replacement of mutilated, destroyed or lost bonds and notes, all as may be provided by resolution of the District's Board. The bonds and notes shall be sold as a whole or in part from time to time in such manner as shall be provided by resolution of the District's Board, but in no event shall the bonds and notes be sold for less than ninety-eight percent (98%) of par plus accrued interest (or, if all or any part of such bonds and notes is to be sold at a zero (0) rate of interest or at an

original issue discount, such bonds and notes may be sold at not less than ninety-eight percent (98%) of the original reoffering price of such bonds and notes, plus accrued interest). The Board of the District is authorized and empowered to do and perform all acts and enter into all agreements which may be necessary or desirable in connection with the issuance and sale of the bonds and notes and to delegate the power to consummate all such acts and execute and implement all such agreements on its behalf as the Board shall deem necessary or desirable.

(c) The bonds and/or notes authorized hereunder shall be issued in fully registered form and shall be executed as provided in the Tennessee Public Obligations Registration Act and in the resolution adopted by the District's Board authorizing such bonds and/or notes.

(d) Any bonds and/or notes issued hereunder shall be paid from the taxes levied by authority of the Act of Incorporation. Notwithstanding any provision of the Act of Incorporation to the contrary, all taxes levied pursuant thereto are specifically authorized to be used to pay the principal of and interest on any bonds and/or notes issued pursuant to this subsection. The Board of the District is hereby authorized, but not required, to pledge such taxes as necessary to pay the principal of and interest on the bonds and notes authorized herein. The taxes shall constitute a lien on the property against which they are levied with the like force in effect as due county taxes.

(e) The Board is also authorized, but not required, to pledge to the payment of the bonds and notes all or a portion of:

(i) Any funds received by the District under the Tennessee Basic Education Program available to be used for capital outlay expenditures, as set forth in Tennessee Code Annotated Section 49-3-351 et seq., and related sections;

(ii) Its share of the Local Option Sales and Use Tax now or hereafter levied and collected in Gibson County, Tennessee, pursuant to Tennessee Code Annotated Section 67-6-712; and

(iii) Any other funds received from the State of Tennessee, or any of its authorities, agencies or instrumentalities, for school purposes and available to be used for capital outlay expenditures.

(f) The bonds and/or notes and all income therefrom, shall be exempt from all state, county and municipal taxation in the State of Tennessee, except inheritance, transfer and estate taxes and except as otherwise provided by applicable law.

(g) The District is further authorized, by resolution of its Board, to borrow money and issue its bonds and notes for the purpose of refunding at or prior to maturity, in whole or in part, at any time, in accordance with the terms hereof, the bonds and notes authorized herein or that may have been previously issued by the District under applicable law and the refunding bonds and refunding notes authorized herein, in an amount not exceeding the outstanding principal amount of the outstanding bonds or notes being refunded, premium thereon, interest on such refunded bonds or refunded notes to maturity or earlier redemption and costs of issuance, including discount, if any. The Board shall have the power to provide for the custody, application and investment of the proceeds of the refunding bonds and refunding notes pending retirement of the refunded bonds and refunded notes.

(h) The District is further authorized, by resolution of its Board, to accept grants from, or borrow money through, the State of Tennessee's Energy Efficient Schools Initiative (EESI), in the same manner as it may issue bonds or notes as provided in this Section 1; provided, that any such EESI grant or loan may be accepted or incurred on the terms and conditions required by the EESI.

SECTION 2. In the event that the laws creating the District are repealed or the District is abolished, that portion of such laws levying a tax, the proceeds of which are pledged to the payment of outstanding bonds and indebtedness of the District, shall remain in full force and effect with respect to the real and personal property within the District to the extent necessary to satisfy the District's debt service requirements with respect to said bonds and indebtedness, and the outstanding bonds and indebtedness of the District shall remain binding and valid obligations of the District, the same to be paid out of funds collected in respect of the tax herein

authorized. In such event, the said remaining tax shall continue to be collected by the Gibson County trustee and funds collected in respect thereof shall be paid in respect of the District's outstanding bonds and indebtedness by the District until such bonds and indebtedness have been paid in full; provided that, if a county-wide property tax is enacted for school purposes by the Gibson County Board of County Commissioners and the proceeds thereof are distributed to the District in such a way as to be available to pay principal of and interest and redemption premiums on said bonds and other indebtedness, or other funds are available to pay said principal, premium and interest, the tax herein levied may be reduced by the Board of Education to an amount which, together with said other taxes and funds, is sufficient to pay said principal, premium and interest.

SECTION 3. The provisions of this Act are intended to supersede any contrary provisions of the Act of Incorporation heretofore adopted.

SECTION 4. If any provision of this Act or the application thereof shall be held by any court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this Act and the application of such provisions shall not be affected thereby, shall be enforced to the greatest extent permitted by law and are declared to be severable.

SECTION 5. This act shall take effect upon becoming a law, the public welfare requiring it.